

## Message Text

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12

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TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

TRSY

USSAGE NKP

COGARD

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

CINCPAC HONOLULU

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 266229

COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: DECEMBER 4 EA PRESS SUMMARY

X

1. INDOCHINA

NYT'S MARKHAM IN SAIGON TELLS OF EXPECTED NVA/VC MIL  
ACTION IN UPCOMING DRY SEASON. SAYS DOCUMENTS, BELIEVED  
GENUINE, IN SVN HANDS INDICATE MORE VIOLENT ATTACKS  
THAN LAST YEAR'S PLANNED, WITH AREA AROUND SAIGON,  
IN NORTHERN DELTA, AND POSSIBLY BINH DINH PROVINCE  
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AND CENTRAL HIGHLANDS TO BE TARGETS. SEVERAL SOURCES  
PREDICT ASSAULTS IN BROAD ARC NORTH AND NW OF CAPITAL,  
WITH TAY NINH CITY FREQUENTLY MENTIONED AS ONE FOCUS  
OF DRIVE. COMMUNISTS ALSO EXPECTED TO CUT ROADS,

BLOW UP BRIDGES, ISOLATE DISTRICT TOWNS AND PERHAPS  
ROCKET PROVINCE CAPITALS IN NORTHERN DELTA. ONE SVN  
ANALYST PREDICTS MAJOR THRUSTS IN BINH DINH, ALREADY  
LARGELY UNDER COMMUNIST CONTROL, AND AGAINST KONTUM  
CITY.

MARKHAM POINTS OUT THAT FOREIGN DIPLOMATS AND JOURNALISTS  
HAVE BECOME JADED BY GVN'S CONSTANT PREDICTIONS OF  
MAJOR OFFENSIVES THAT NEVER MATERIALIZED AND SOME  
BELIEVE PRESENT PREDICTIONS SIMILAR TO LAST YEAR'S.  
BUT LAST YEAR'S PREDICTIONS WERE BASED ON COMMUNIST  
MIL CAPABILITIES, WHILE THIS YEAR'S BASED ON CAPTURED  
DOCUMENTS, RADIO INTERCEPTS AND REPORTS OF POWS, AGENTS

AND DEFECTORS. FIGHTING IS ALREADY HEAVY, WITH GVN  
REPORTING 13,700 OF ITS TROOPS KIA IN 1974, WITH ONE  
MONTH TO GO. SAYS SEVERAL SOURCES SEE IMPORTANT GOAL  
OF PREDICTED ATTACKS AS CONTINUED BLOODLETTING OF  
SAIGON FORCES; NHAN DAN RECENTLY COMMENTED THAT GVN  
TROOPS "UNDERGOING INCREASINGLY SERIOUS MORALE CRISIS"  
AND SPREAD THINLY. HIGHLY-INFORMED ANALYST BELIEVES  
COMMUNISTS WILL PROBE NUMBER OF IMPORTANT TARGETS,  
THEN HIT WEAKEST. WESTERN DIPLOMATS SAY ATTACKS MAY  
BE LIMITED, BUT INTERLOCKED WITH POLITICAL CONSIDERATIONS  
SINCE COMMUNISTS HOPE TO BREAK MIL-POLITICAL STALEMATE  
THAT PREVAILS. MARKHAM NOTES THAT THOUGH GVN BESET  
WITH POLITICAL AND ECON DIFFICULTIES, IT SHOWS NO SIGNS  
OF FALLING, AND ARVN REMAINS INTACT THOUGH MORALE SAPPED  
BY MIL REVERSES AND BUDGET CUTS. SAYS COMMUNISTS BELIEVE  
SERIES OF SUCCESSFUL ATTACKS COULD REALIGN 'BALANCE  
OF FORCES' IN THEIR FAVOR AND PERMIT NEGOTIATING FROM  
STRENGTH IN ANY TALKS; SOME OBSERVERS ALSO OPINE  
THAT DISASTROUS MIL DEFEAT COULD BRING THIEU DOWN.  
CONSIDERS POSSIBILITY THAT SERIES OF HEAVY ATTACKS  
MIGHT PLAY INTO THIEU'S HANDS, JUSTIFYING PREDICTIONS  
OF OFFENSIVE AS WELL AS CRACKDOWN ON OPPONENTS.

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REUTER SAIGON QUOTES FIELD OFFICERS THAT ARVN SEIZED  
BIG VC AMMO DUMP 32 MILES NORTH OF SAIGON. CACHE  
DISCOVERED ON TIP (UPI, PHINQ). MIL SOURCES SAY  
ARVN KILLED 48 COMMUNIST SOLDIERS IN TWO DELTA CLASHES,  
AND 76 IN FIGHTING ON SOUTHERN APPROACHES TO PHU BAI  
AIRFIELD.

RECENT VISITOR SAYS SOUVANNA, WHOSE HEALTH REPORTED  
"SLIPPING; LAST WEEK, IS "FIT AND CHIPPER AND TALKING  
AWAY AS MUCH AS EVER," BUT TIRES EASILY (S-N 12/3).

AP (TOKYO) REPORTS NK NEWS AGENCY QUOTED SIHANOUK  
IN PYONGYANG THAT FORD ASIA POLICY IS NOTHING BUT

"VILE EXTENSION OF THAT OF RICHARD NIXON." ADDED THAT CAMBODIAN WAR NOT ENDED, AND KOREA NOT YET REUNIFIED BECAUSE OF "SHAMELESS CUNNING" OF US IMPERIALISM.

POLICE REPORT SIXTEEN PERSONS IN PP KILLED SUNDAY WHEN SUPERSTITIOUS SOLDIERS FIRED GUNS DURING ECLIPSE OF MOON (AP WP, PHINQ).

## 2. KOREA

REUTER (SEOUL) REPORTS KIM YOUNG-SAM SAYING WEDNESDAY THAT ALL 57 NDP MEMBERS IN NATIONAL ASSEMBLY WILL BEGIN SIT-IN THURSDAY TO BACK DEMANDS FOR CHANGES IN SK CONSTITUTION. MEANWHILE, FORMER OPPOSITION ASSEMBLYMAN CHANG CHUN-HA WAS RELEASED TUESDAY NIGHT, 11 MONTHS AFTER HE WAS JAILED FOR 15 YEARS FOR CAMPAIGNING AGAINST CONSTITUTION.

UK'S GOVAN SHIPBUILDERS SELLS DESIGN OF ITS GOVAN CLASS CARGO SHIPS TO HYUNDAI SHIPBUILDING CO. FOR UNDISCLOSED BUT "MODEST" ROYALTY (JOC).

## 3. MALAYSIA

IN BIGGEST POLICE-STUDENT CLASHES IN RECENT YEARS, POLICE ARRESTED MORE THAN 1,000 STUDENTS IN KL TUESDAY DURING DEMONSTRATIONS BY NEARLY 5,000 PROTESTING ALLEGED GOVT INACTION ON STAGNANT RUBBER PRICES (WP). UNCLASSIFIED

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POLICE USED TEAR GAS AGAIN WEDNESDAY TO DISPERSE ABOUT 200 STUDENTS IN KL PROTESTING INFLATION AND FALLING PRICE OF RUBBER FOR EXPORTS. NO CASUALTIES OR ARRESTS REPORTED (REUTER KL).

## 4. INDONESIA

FEDERATION OF INDONESIAN LABOR UNIONS CHAIRMAN SUDONO SAID IN W. JAVA TUESDAY THAT ABOUT 32 MILLION PEOPLE -- MORE THAN 70 PERCENT OF COUNTRY'S TOTAL WORK FORCE -- ARE EITHER UNEMPLOYED OR ONLY PARTLY EMPLOYED: FOUR MILLION OUT OF WORK, 11 MILLION WORKING HALF-TIME AND 17 MILLION WORKING LESS THAN 32 HOURS PER WEEK -- LEAVING ONLY 12 MILLION OF 44 MILLION LABOR FORCE FULLY EMPLOYED (REUTER JAKARTA).

## 5. UK FORCES IN ASIA

HMG ANNOUNCES BRITAIN PLANS PULLING VIRTUALLY ALL TROOPS OUT OF ITS FAR EASTERN TREATY COMMITMENTS IN NEXT TEN YEARS AND WILL "SUBSTANTIALLY REDUCE" FORCES IN ALL AREAS OUTSIDE NATO. DEFSEC MASON

OUTLINED TO COMMONS THAT AMONG LAST VESTIGES OF EMPIRE TO BE DISMANTLED ARE 2,500 TROOPS IN SINGAPORE; GURKHA BATTALION IN BRUNEI; AND 1,000 TROOPS ON GAN IN MALDIVES. SOME TROOPS WILL REMAIN, BUT IN REDUCED FORCE, IN HK AND FEW OTHER SPOTS. BRITAIN ALSO HAS AGREED TO PERMIT "RELATIVELY MODEST" EXPANSION OF FACILITIES ON DIEGO GARCIA (NYT'S SHUSTER; SUN).

ACCORDING TO NYT SPECIAL REPORT, BRITISH RETRENCHMENT IS NOT EXPECTED TO HAVE ANY MAJOR IMPACT UPON US DEFENSE POLICIES IN SEA AND INDIAN OCEAN AREAS. BUT ONE IMMEDIATE EFFECT WILL BE TO UNDERSCORE DOD'S CASE FOR ENLARGING DIEGO GARCIA NAVAL STATIONS.

#### 6. JAPAN

LDP UNANIMOUSLY ELECTS MIKI TO SUCCEED TANAKA AS PARTY PRESIDENT (UPI, NYDN; NYT). MIKI CALLS FOR POPULAR SUPPORT FOR LDP AS "ONLY PARTY COMPETENT TO TAKE UNCLASSIFIED

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REINS OF GOVERNMENT" (CHITRIB); PROMISES TO FIGHT INFLATION, CONSERVE ENERGY AND IMPROVE DIALOGUE WITH OPPOSITION PARTIES (S-N TOKYO, DEC 3). UNDER PARTY RULES, MIKI COULD HOLD PARTY PRESIDENCY FOR THREE-YEAR TERM, BUT LDP SPOKESMAN SAYS PARTY PRESIDENTIAL ELECTION WILL BE HELD NEXT JULY, AS ORIGINALLY SCHEDULED. MIKI WILL NOW BE ELECTED PM BY MAJORITY LDP IN SPEICAL DIET SESSION TO BE CONVENED DEC 9 (REUTER, TOKYO).

WP'S OBERDOREFER IN TOKYO, REPORTS MIKI'S FIRST PRIORITY IS OVERHAUL OF PARTY AND REFORM OF CONTROVERSIAL FUND RAISING PRACTICES IN THIS CONNECTION, MIKI PLEDGES TO CONSERVE ENERGY WITHOUT NAMING HAK. NAKASONE APPOINTMENT AS PARTY SECGEN ENHANCES HIS FUTURE CHANCES TO BECOME PM, WHICH MAY EXPLAIN WHY HE SHIFTED SUPPORT TO MIKI.

CSM'S SOUTHERLAND DESCRIBES SURPRISE CHOICE OF MIKI AS RADICAL DEPARTURE FROM TRADITIONAL PRACTICE; CALLS IT "SHIINA COUP." QUOTES YOMIURI COMMENT THAT ELECTION OF TANAKA SUCCESSOR WOULD HAVE SEEN "LARGE BUNDLES OF MONEY CHANGING HANDS" IN CONTEST BETWEEN OHIRA AND FUKUDA.

NYT'S HALLORAN, IN TOKYO, REPORTS LDP YOUNG TURKS IN DIET INCREASED THEIR VOICES IN PARTY DURING MANEUVERS TO CHOOSE TANAKA SUCCESSOR BY UNITING TO SUPPORT YOHEI KONE; THEY FEEL PROSPECT OF 80-90 VOTES OF 432 THEY COULD MUSTER FOR KONO IN PARTY ELECTION INFLUENCED SELECTION PROCESS. WHILE

PLEASED WITH MIKI BECAUSE HE FAVORS PARTY REFORM,  
THEY DISAPPROVE MANNER OF HIS SELECTION.

WP'S MANN REPORTS ON WASHINGTON VISIT BY JAPAN  
COUNCIL AGAINST A & H BOMBS DELEGATION, TO LOBBY  
ON HILL FOR BAN ON NUKES. SAYS DELEGATION FINDS  
AMERICAN REACTION "GENERALLY VERY GOOD," AND NOW

PLANS TO PRESENT PETITION FOR NUKE BAN TO WALDHEIM  
AT UN.  
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MITI SENDS DELEGATION TO PEKING TO DISCUSS GROWING  
TRADE IMBALANCE. JAPAN-CHINA TRADE, IN EQUILIBRIUM  
LAST YEAR AT 1 BILLION DOLLARS EACH WAY, HAS BEEN  
UPSET BY PRICE RISE ON JAPAN'S EXPORTS THIS YEAR  
(JOC).

EPA SAYS JFY 74 REAL GNP GROWTH IS ABOUT 2 PCT  
BELOW JFY 73, MARKING FIRST NEGATIVE GROWTH SINCE  
END OF WAR (JOC).

EPA SAYS INFLATION REDUCED NOMINAL GAINS IN GNP  
TO 3.8 PCT BELOW 1974 LEVEL IN REAL TERMS  
(AP TOKYO, PHINQ).

INDUSTRY SOURCES SAY JAPAN AGREES TO LIMIT COLOR  
TV EXPORTS TO UK IN 1975, PROTECT SHARE OF MARKET  
(UPI TOKYO, JOC).

JOC'S CULLISON, IN TOKYO, REPORTS STEEL, CHEMICALS  
AND MACHINERY LEAD 36 PCT INCREASE IN JAPAN'S  
EXPORTS IN OCTOBER, OVER SAME MONTH LAST YEAR.  
OCTOBER EXPORTS TO US ROSE 21 PCT; TO CANADA AND  
AUSTRALIA, 80 PCT EACH.

COMMENT AND ANALYSIS

## 7. CHINA

S-N (DEC 3) SAYS IT IMPOSSIBLE TO PERCEIVE AT THIS  
TIME WHAT BUSINESS PRES WILL HAVE TO TRANSACT WHEN  
HE VISITS PRC. BUT SCHEDULING OF TRIP, PERHAPS, WAS  
NECESSARY TO PROVIDE ONLY KERNEL OF NEWS AMID AMENITIES  
OF HAK'S STAY IN PEKING. ANOTHER SINO-US SUMMIT ALSO  
SERVES TO MAINTAIN SOME SYMMETRY IN OUR RELATIONS  
WITH MUTUALLY SUSPICIOUS COMMUNIST GIANTS, COMING AS  
IT WILL AFTER SECOND FORD-BREZHNEV MEETING. STAND-  
STILL IN SINO-US RELATIONS EVIDENT FROM EXTRAORDINARILY  
BRIEF COMMUNIQUE FOLLOWING HAK VISIT. THIS NOT  
SURPRISING, WITH CHOU SIDELINED BY ILLNESS AND COUNTRY  
BRACED FOR INEVITABLE PASSING OF MAO. PRC APPARENTLY

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NEEDS LITTLE MORE FROM US CONNECTION THAN PRESENT ARRANGEMENTS PROVIDE - MAINLY A SPEAKING ACQUAINTANCE AND SOME LEVERAGE AGAINST SOVIET THREAT. ON US SIDE, A SIGNIFICANT FURTHERANCE OF FRIENDSHIP WITH PEKING WOULD REQUIRE CHANGES IN OUR RELATIONS AND SECURITY TIES WITH TAIWAN. CONTINUANCE OF SINO-US DIALOGUE AT

HIGHEST LEVEL, IN ANY CASE, MUST BE CONDONED AS BEING IN INTEREST OF WORLD PEACE. IF IT GIVES OUR FOOT-LOOSE PRES ANOTHER EXCUSE TO DESERT OVAL OFFICE, THAT MAY BE THE UNAVOIDABLE COST OF LAUDABLE GOAL.

NYT'S LELYVELD IN ARTICLE DATELINED PEKING NOV 29 GIVES HIS VARIED NOTEBOOK IMPRESSIONS OF CHINA AT THE END OF FOUR DAYS.

NYT'S SULZBERGER IN PARIS SEES CHINA, ONLY GREAT COUNTRY TO REALLY BENEFIT FROM ENERGY CRISIS, USING OIL DIPLOMACY AGAINST USSR IN SUPPLYING "SECOND WORLD" OF INDUSTRIALIZED NATIONS - COMMON MARKET AND JAPAN - AND "THIRD WORLD" OF UNDERDEVELOPED LANDS.

COLIN MACANDREWS (CSM) SEES VIRTUAL TAKE-OVER OF SIKKIM BY INDIA AND HUNZA BY PAKISTAN - AND MUTUAL RECRIMINATIONS THAT FOLLOWED - AS HAVING UNDERSCORED RELATIONSHIP OF BOTH COUNTRIES TO CHINA. INDIAN MOTIVE IN SIKKIM WAS THAT OF CONTAINING CHINESE INFLUENCE ALONG ITS NORTHERN BORDERS. IN CASE OF HUNZA, PAKISTANI MOTIVE WAS TO OPEN UP DIRECT COMMUNICATIONS WITH CHINA; HUNZA IS OF STRATEGIC IMPORTANCE TO PAKISTAN IN GETTING CHINESE MIL SUPPORT IN ANY FUTURE CONFLICT WITH INDIA. FACT THAT ALMOST IMMEDIATELY AFTER PAK PRES ANNOUNCED DIRECT CONTROL OVER HUNZA, HE DROVE TO SINKIANG TO MEET CHINESE LEADERS, COULD ONLY HAVE UNDERLINED INDIA'S FEAR OF BOTH PAKISTAN AND CHINESE INTENTIONS.

STLDP (DEC 1) SEES BENEFITS ACCRUING TO PRC AND US BY NORMALIZING RELATIONS. FROM PEKING'S VIEWPOINT, NORMALIZATION IS DESIRABLE TO BOLSTER CHINA'S POSITION VIS-A-VIS USSR. BEYOND IMMEDIATE BENEFITS

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TO US SUCH AS INCREASED TRADE AND OTHER CONTACTS, NORMALIZATION WOULD PROVIDE WASHINGTON WITH IMPORTANT OPPORTUNITY TO IMPROVE TIES WITH CHINA BEFORE MAO AND CHOU PASS FROM SCENE.

IT HAD APPEARED THERE WERE FINITE LIMITS TO HOW FAR NORMALIZATION COULD PROCEED AS LONG AS STATUS OF TAIWAN REMAINED UNRESOLVED. IN PAST PRC MADE PLAIN THAT ITS PRICE FOR FULL DIPLOMATIC RELATIONS WOULD BE US RENUNCIATION OF TAIPEI REGIME, AN ACT WHICH AMONG OTHER THINGS WOULD HAVE TO INCLUDE ABROGATION OF 1954 MST. ALTHOUGH US MIL PRESENCE IN TAIWAN HAS BEEN SCALED DOWN, US HAS GIVEN CKS NUMBER OF SIGNIFICANT INDICATIONS OF CONTINUING SUPPORT. JOINT COMMUNIQUE

AT END OF HAK'S VISIT STATED THAT SIGNATORIES "REAFFIRMED" THEIR UNCHANGED COMMITMENT TO PRINCIPLES OF 1972 SHANGHAI COMMUNIQUE, WHICH DECLARED THAT US "ACKNOWLEDGES...THAT ALL CHINESE MAINTAIN THERE IS BUT ONE CHINA AND THAT TAIWAN IS A PART OF CHINA." TO THIS NONCOMMITTAL POSITION IS ADDED STATEMENT THAT US "REAFFIRMS ITS INTEREST IN A PEACEFUL SETTLEMENT OF THE TAIWAN QUESTION BY THE CHINESE THEMSELVES." THAT IS A FAIRLY DELICATE EXPRESSION OF SUPPORT FOR THE STATUS QUO, AND IT IS KNOWN THAT PEKING HAD SECOND THOUGHTS ABOUT THE COMMUNIQUE.

FACT THAT DOCUMENT WAS REAFFIRMED LAST WEEK AT VERY LEAST SUGGESTS THAT THE TAIWAN OBSTACLE MAY NOT BE AS INSURMOUNTABLE AS HAD BEEN PREVIOUSLY SUPPOSED, AND THAT SUFFICIENT PROGRESS TOWARD NORMALIZATION MAY BE POSSIBLE TO WARRANT PRES' VISIT.

#### 8. PHILIPPINES

IN THIRD IN SERIES, S-N'S BRADSHER, IN COTABATO CITY, NOTES PHILS' MOSLEM REBEL WAR HAS MANY FACETS. CONFLICT HAS BEEN GOING ON FOR TWO YEARS, WITH NO END IN SIGHT, AND IS FAR MORE COMPLICATED THAN SIMPLY REGIONAL SEPARATIST MOVEMENT. THERE ARE REGIONAL SEPARATIST ELEMENTS INVOLVING LONG NEGLECT OF UNCLASSIFIED

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SOUTHERN ISLANDS AND USE OF EXPORTS EARNINGS FROM THIS AREA TO BENEFIT OTHER AREAS -- AND ONE GETS ECHO OF E. PAKISTANI COMPLAINTS THAT LED TO CREATION OF BANGLADESH. ECHO OF BELFAST ALSO EXISTS IN CLASH BETWEEN MOSLEMS AND CHRISTIAN IMMIGRANTS. FOREIGN MILITARY AID FOR INSURGENTS ECHOES INDOCHINA, AND POSSIBILITY OF OIL IN REGION GIVES SHARP ECONOMIC EDGE TO SECESSIONIST EFFORTS THAT ECHOES BIAFRA. THERE IS ALSO FRACTURING OF ELEMENTS FIGHTING ARMY, REMINISCENT OF CAMBODIA.

MANY OBSERVERS FEEL MARCOS' ADAMANT STAND AGAINST MOSLEM AUTONOMY OR SELF-GOVERNMENT IN UNREALISTIC. MARCOS MIGHT END UP HAVING TO LOOSEN GOVT STRUCTURE

SOMEWHAT TO SATISFY HISTORIC MOSLEM GRIEVANCES. ARMY HAS BEEN PARTICULARLY BITTER, HOWEVER, THAT MANILA HAS TRIED TO KEEP IT UNDER POLITICAL RESTRAINTS IN HOPES OF WINNING BACK LOYALTY OF MOSLEMS. ON OTHER HAND, SOME CHRISTIANS AROUND COTABATO ARE BITTER THAT GOVT HAS TURNED TO OLD FEUDAL MOSLEM LEADERS AS POTENTIAL PEACEMAKERS.

THERE ARE INDICATIONS THAT KEY ELEMENTS OF REBELLION

ARE FIGHTING OLD FEUDAL ARISTOCRACY AS MUCH AS GOVT -- THUS SOCIAL UPSURGE SEEMS OCCURRING SIMULTANEOUSLY (DEC 3).

#### 9. MALAYSIA

CSM REPORT FROM SINGAPORE SAYS TWO EVENTS IN RECENT WEEKS HAVE RAISED QUESTIONS AS TO HOW LONG CURRENT STABILITY IN MALAYSIA WILL LAST. FIRST IS REEMERGENCE OF POSSIBLE COMMUNIST THREAT, IN FORM OF GROUP THAT HAS BROKEN OFF FROM UNDERGROUND MCP. WIDELY PUBLICIZED SPLIT IS INTERPRETED BY GOM AS SIGN OF SUCCESS IN DEALING WITH COMMUNIST GUERRILLAS OVER PAST TWO YEARS. AND IT FOLLOWS AGREEMENT WITH CHINA THAT CHINA WOULD WITHDRAW ITS SUPPORT FOR GUERRILLA COMMUNISTS IN MALAYSIA. UNTIL NOW MCP HAS BEEN RURAL-BASED MOVEMENT, AND AS SUCH HAS NOT AFFECTED MALAYSIA'S UNCLASSIFIED

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HEAVILY-POPULATED PREDOMINANTLY CHINESE URBAN AREAS. BUT NEW MARXIST-LENINIST SPLINTER GROUP IS IN DIRECT CONTRAST; ITS POLICY IS BASED ON PROGRAM OF URBAN VIOLENCE AND HIT-AND-RUN TERRORISM - AN OBVIOUS DANGER TO COMMUNAL PEACE IN COUNTRY WHERE CHINESE DOMINANCE OF URBAN AREAS IS WIDESPREAD.

AT SAME TIME, WORLD RECESSION AND INFLATION HAVE CLEARLY BEGUN TO TAKE TOLL ON MALAYSIA'S PREVIOUSLY STRONG ECONOMY, WITH TRADE DEFICITS BEGINNING TO BUILD UP. WITH HELP OF STRONG ECON GROWTH, MALAYSIA HAS MANAGED REMARKABLE DEGREE OF UNITY SINCE 1969 RACE RIOTS. BUT POSSIBILITY OF RESURGENT COMMUNIST GUERRILLA VIOLENCE AND RAPID INFLATION POSE STRONG CHALLENGE IN COMING MONTHS. KISSINGER

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